



House of Representatives

General Assembly

File No. 411

January Session, 2011

Substitute House Bill No. 6529

House of Representatives, April 6, 2011

The Committee on Commerce reported through REP. BERGER of the 73rd Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT PROMOTING ECONOMIC DEVELOPMENT IN THE AREA SURROUNDING OXFORD AIRPORT.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 32-75d of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2012*):

3 There [is] are established [an] two airport development [zone,]
4 zones, one of which is comprised of the town of Oxford and one of
5 which is comprised of the following census blocks as assigned on
6 October 1, 2011, in the towns of Windsor Locks, Suffield, East Granby
7 and Windsor:

090034701001022,	090034701003000,	090034701003001,
090034701003002,	090034701003003,	090034701003004,
090034701003005,	090034701003017,	090034701003018,
090034701003019,	090034701003020,	090034701003021,
090034701003025,	090034701003026,	090034735022009,
090034735022010,	090034735022011,	090034735022012,
090034735022013,	090034735025004,	090034735027000,

090034735029000,	090034735029001,	090034735029002,
090034735029003,	090034735029004,	090034735029006,
090034761009000,	090034761009010,	090034761009011,
090034761009012,	090034761009013,	090034762001023,
090034762001025,	090034762002009,	090034762002013,
090034763003004,	090034763009000,	090034763009001,
090034763009002,	090034763009003,	090034763009004,
090034763009005,	090034763009006,	090034763009007,
090034763009008,	090034763009009,	090034763009010,
090034763009011,	090034763009012,	090034763009013,
090034763009014,	090034763009015,	090034763009016,
090034763009017,	090034763009018,	090034763009020,
090034763009021,	090034763009022,	090034763009023,
090034763009024,	090034763009025,	090034763009026,
090034763009031,	090034763009033,	090034771014005,
090034771014011,	090034771014012,	090034771014013,
090034771014014,	090034771014017,	090034771014018,
090034771014019,	090034771014020,	090034771023025,
090034771023026,	090034771023027,	090034771023036,
090034701003006,	090034701003022,	090034701003023,
090034701005000,	090034761001039,	090034763009028.

8 Sec. 2. Subparagraph (c) of subdivision (59) of section 12-81 of the
9 general statutes, as amended by section 2 of public act 10-98, is
10 repealed and the following is substituted in lieu thereof (*Effective*
11 *October 1, 2012*):

12 (c) The completion date of a manufacturing facility, manufacturing
13 plant or a service facility will be determined by the Department of
14 Economic and Community Development taking into account the
15 issuance of occupancy certificates and such other factors as it deems
16 relevant. In the case of a manufacturing facility, manufacturing plant
17 or a service facility which consists of a constructed, renovated or
18 expanded portion of an existing plant, the assessed valuation of the
19 facility or manufacturing plant is the difference between the assessed
20 valuation of the plant prior to its being improved and the assessed
21 valuation of the plant upon completion of the improvements. In the
22 case of a manufacturing facility, manufacturing plant or a service
23 facility which consists of an acquired portion of an existing plant, the
24 assessed valuation of the facility or manufacturing plant is the assessed

25 valuation of the portion acquired. This exemption shall be applicable
26 during each such assessment year regardless of any change in the
27 ownership or occupancy of the facility or manufacturing plant. If
28 during any such assessment year, however, any facility for which an
29 eligibility certificate has been issued ceases to qualify as a
30 manufacturing facility, manufacturing plant or a service facility, the
31 entitlement to the exemption allowed by this subdivision shall
32 terminate for the assessment year following the date on which the
33 qualification ceases, and there shall not be a pro rata application of the
34 exemption. Any person who desires to claim the exemption provided
35 in this subdivision shall file annually with the assessor or board of
36 assessors in the distressed municipality, targeted investment
37 community, enterprise zone designated pursuant to section 32-70 or in
38 [the] a town within [the] an airport development zone established
39 pursuant to section 32-75d, as amended by this act, in which the
40 manufacturing facility or service facility is located, on or before the
41 first day of November, written application claiming such exemption on
42 a form prescribed by the Secretary of the Office of Policy and
43 Management. Failure to file such application in this manner and form
44 within the time limit prescribed shall constitute a waiver of the right to
45 such exemption for such assessment year, unless an extension of time
46 is allowed pursuant to section 12-81k, and upon payment of the
47 required fee for late filing;

48 Sec. 3. Subparagraph (c) of subdivision (60) of section 12-81 of the
49 general statutes, as amended by section 3 of public act 10-98, is
50 repealed and the following is substituted in lieu thereof (*Effective*
51 *October 1, 2012*):

52 (c) This exemption shall terminate for the assessment year next
53 following if the manufacturing facility or service facility in which such
54 machinery and equipment is installed no longer qualifies for an
55 exemption under said subdivision (59), and there shall not be a pro
56 rata application of the exemption of such machinery and equipment in
57 the assessment year of such termination. Any person who desires to
58 claim the exemption provided in this subdivision shall file annually

59 with the assessor or board of assessors in the distressed municipality,
60 targeted investment community, enterprise zone designated pursuant
61 to section 32-70 or [the] a town in [the] an airport development zone
62 established pursuant to section 32-75d, as amended by this act, in
63 which the manufacturing facility or service facility is located, on or
64 before the first day of November, written application claiming such
65 exemption on a form prescribed by the Secretary of the Office of Policy
66 and Management. Failure to file such application in this manner and
67 form within the time limit prescribed shall constitute a waiver of the
68 right to such exemption for such assessment year, unless an extension
69 of time is allowed pursuant to section 12-81k, and upon payment of the
70 required fee for late filing. This exemption shall not apply to rolling
71 stock.

72 Sec. 4. Subsection (d) of section 32-9p of the general statutes, as
73 amended by section 5 of public act 10-98, is repealed and the following
74 is substituted in lieu thereof (*Effective October 1, 2012*):

75 (d) "Manufacturing facility" means any plant, building, other real
76 property improvement, or part thereof, (1) which (A) is constructed or
77 substantially renovated or expanded on or after July 1, 1978, in a
78 distressed municipality, a targeted investment community as defined
79 in section 32-222, an enterprise zone designated pursuant to section 32-
80 70 or [the] an airport development zone established pursuant to
81 section 32-75d, or (B) is acquired on or after July 1, 1978, in a distressed
82 municipality, a targeted investment community as defined in section
83 32-222, an enterprise zone designated pursuant to said section 32-70 or
84 [the] an airport development zone established pursuant to section 32-
85 75d, as amended by this act, by a business organization which is
86 unrelated to and unaffiliated with the seller, after having been idle for
87 at least one year prior to its acquisition and regardless of its previous
88 use; (2) which is to be used for the manufacturing, processing or
89 assembling of raw materials, parts or manufactured products, for
90 research and development facilities directly related to manufacturing,
91 for the significant servicing, overhauling or rebuilding of machinery
92 and equipment for industrial use, or, except as provided in this

93 subsection, for warehousing and distribution or, (A) if located in an
94 enterprise zone designated pursuant to said section 32-70, which is to
95 be used by an establishment, an auxiliary or an operating unit of an
96 establishment as such terms are defined in the Standard Industrial
97 Classification Manual, in the categories of depository institutions,
98 nondepository credit institutions, insurance carriers, holding or other
99 investment offices, business services, health services, fishing, hunting
100 and trapping, motor freight transportation and warehousing, water
101 transportation, transportation by air, transportation services, security
102 and commodity brokers, dealers, exchanges and services,
103 telemarketing or engineering, accounting, research, management and
104 related services including, but not limited to, management consulting
105 services from the Standard Industrial Classification Manual or in
106 Sector 48, 49, 52, 54, 55, or 62, Subsector 114 or 561, or industry group
107 5621 in the North American Industrial Classification System, United
108 States Manual, United States Office of Management and Budget, 1997
109 edition, which establishment, auxiliary or operating unit shows a
110 strong performance in exporting goods and services, and as further
111 defined by the commissioner through regulations adopted under
112 chapter 54, or (B) if located in an enterprise zone designated pursuant
113 to said section 32-70, which is to be used by an establishment primarily
114 engaged in supplying goods or services in the fields of computer
115 hardware or software, computer networking, telecommunications or
116 communications, or (C) if located in a municipality with an
117 entertainment district designated under section 32-76 or established
118 under section 2 of public act 93-311, is to be used in the production of
119 entertainment products, including multimedia products, or as part of
120 the airing, display or provision of live entertainment for stage or
121 broadcast, including support services such as set manufacturers,
122 scenery makers, sound and video equipment providers and
123 manufacturers, stage and screen writers, providers of capital for the
124 entertainment industry and agents for talent, writers, producers and
125 music properties and technological infrastructure support including,
126 but not limited to, fiber optics, necessary to support multimedia and
127 other entertainment formats, except entertainment provided by or

128 shown at a gambling or gaming facility or a facility whose primary
129 business is the sale or serving of alcoholic beverages, or (D) if located
130 in [the] an airport development zone established pursuant to section
131 32-75d, as amended by this act, (i) which is to be used for the
132 warehousing or motor freight distribution of goods transported by
133 aircraft to or from an airport located in such zone, or (ii) in the opinion
134 of the Commissioner of Economic and Community Development, is
135 dependent upon or directly related to such airport and which, except
136 as provided in this subparagraph, is to be used for any other business
137 service, including, but not limited to, information technology but
138 excluding any service provided by an organization that has a North
139 American Industrial Classification Code of 441110 to 454390, inclusive,
140 532111, 532112 or 812930; and (3) for which the department has issued
141 an eligibility certificate in accordance with section 32-9r, as amended
142 by this act. In the case of facilities which are acquired, the department
143 may waive the requirement of one year of idleness if it determines
144 that, absent qualification as a manufacturing facility under
145 subdivisions (59) and (60) of section 12-81, as amended by this act, and
146 sections 12-217e, 32-9p to 32-9s, inclusive, as amended by this act, and
147 32-23p, there is a high likelihood that the facility will remain idle for
148 one year. In the case of facilities located in an enterprise zone
149 designated pursuant to said section 32-70, (A) the idleness requirement
150 in subparagraph (B) of subdivision (1) of this subsection, for business
151 organizations which over the six months preceding such acquisition
152 have had an average total employment of between six and nineteen
153 employees, inclusive, shall be reduced to a minimum of six months,
154 and (B) the idleness requirement shall not apply to business
155 organizations with an average total employment of five or fewer
156 employees, provided no more than one eligibility certificate shall be
157 issued under this subparagraph for the same facility within a three-
158 year period. Of those facilities which are for warehousing and
159 distribution, only those which are newly constructed or which
160 represent an expansion of an existing facility qualify as manufacturing
161 facilities. In the event that only a portion of a plant is acquired,
162 constructed, renovated or expanded, only the portion acquired,

163 constructed, renovated or expanded constitutes the manufacturing
164 facility. A manufacturing facility which is leased may for the purposes
165 of subdivisions (59) and (60) of section 12-81, as amended by this act,
166 and sections 12-217e, 32-9p to 32-9s, inclusive, as amended by this act,
167 and 32-23p, be treated in the same manner as a facility which is
168 acquired if the provisions of the lease serve to further the purposes of
169 subdivisions (59) and (60) of section 12-81, as amended by this act, and
170 sections 12-217e, 32-9p to 32-9s, inclusive, as amended by this act, and
171 32-23p and demonstrate a substantial, long-term commitment by the
172 occupant to use the manufacturing facility, including a contract for
173 lease for an initial minimum term of five years with provisions for the
174 extension of the lease at the request of the lessee for an aggregate term
175 which shall not be less than ten years, or the right of the lessee to
176 purchase the facility at any time after the initial five-year term, or both.
177 For a facility located in an enterprise zone designated pursuant to said
178 section 32-70, and occupied by a business organization with an average
179 total employment of ten or fewer employees over the six-month period
180 preceding acquisition, such contract for lease may be for an initial
181 minimum term of three years with provisions for the extension of the
182 lease at the request of the lessee for an aggregate term which shall not
183 be less than six years, or the right of the lessee to purchase the facility
184 at any time after the initial three-year term, or both, and may also
185 include the right for the lessee to relocate to other space within the
186 same enterprise zone, provided such space is under the same
187 ownership or control as the originally leased space or if such space is
188 not under such same ownership or control as the originally leased
189 space, permission to relocate is granted by the lessor of such originally
190 leased space, and such relocation shall not extend the duration of
191 benefits granted under the original eligibility certificate. Except as
192 provided in subparagraph (B) of subdivision (1) of this subsection, a
193 manufacturing facility does not include any plant, building, other real
194 property improvement or part thereof used or usable for such
195 purposes which existed before July 1, 1978.

196 Sec. 5. Subsection (a) of section 32-9r of the general statutes, as
197 amended by section 6 of public act 10-98, is repealed and the following

198 is substituted in lieu thereof (*Effective October 1, 2012*):

199 (a) Any person may apply to the department for a determination as
200 to whether the facility described in an application qualifies as a
201 manufacturing facility or service facility. Applications for eligibility
202 certificates are to be made on the forms and in the manner prescribed
203 by the department. In evaluating each application the department may
204 require the submission of all books, records, documents, drawings,
205 specifications, certifications and other evidentiary items which it
206 deems appropriate. No eligibility certificate shall be issued after March
207 1, 1991, for a manufacturing facility located in a distressed
208 municipality which does not qualify as a targeted investment
209 community unless the department has issued to the applicant a
210 commitment letter for such facility prior to March 1, 1991.
211 Notwithstanding the provisions of this subsection, an eligibility
212 certificate may be issued by the department after March 1, 1991, for a
213 qualified manufacturing facility acquired, constructed or substantially
214 renovated in a distressed municipality provided the commissioner
215 determines that such acquisition, construction or substantial
216 renovation was initiated prior to March 1, 1991, and was legitimately
217 induced by the prospect of assistance under section 12-217e and
218 subdivisions (59) and (60) of section 12-81, as amended by this act,
219 respectively. The department may issue an eligibility certificate for a
220 qualified manufacturing facility or a qualified service facility located in
221 a targeted investment community upon determination by the
222 commissioner (A) that the acquisition, construction or substantial
223 renovation relating to the qualified manufacturing facility or qualified
224 service facility in such community was induced by the prospect of
225 assistance under section 12-217e and subdivisions (59) and (60) of said
226 section 12-81; and (B) the applicant demonstrates an economic need or
227 there is an economic benefit to the state. Notwithstanding the
228 provisions of this subsection, an eligibility certificate shall be issued by
229 the department after October 1, 2010, for a qualified manufacturing
230 facility located in [the] an airport development zone established
231 pursuant to section 32-75d, and may be issued by the department after
232 October 1, 2010, for a facility described in subparagraph (D) of

233 subdivision (2) of subsection (d) of section 32-9p, as amended by this
234 act, upon determination by the commissioner (i) that the acquisition,
235 construction or substantial renovation relating to the qualified
236 manufacturing facility or facility described in said subparagraph (D) in
237 the airport development zone was induced by the prospect of
238 assistance under section 12-217e and subdivisions (59) and (60) of said
239 section 12-81, as amended by this act; and (ii) the applicant
240 demonstrates an economic need and there is an economic benefit to the
241 state. The department shall issue an eligibility certificate if the
242 commissioner determines (1) that the manufacturing facility is located
243 in an enterprise zone designated pursuant to section 32-70 and is a
244 qualified manufacturing facility or (2) that the facility is a plant,
245 building, other real property improvement, or part thereof, which is
246 located in a municipality with an entertainment district designated
247 under section 32-76 or established under section 2 of public act 93-311,
248 and which qualifies as a "manufacturing facility" under subsection (d)
249 of section 32-9p, as amended by this act, in that it is to be used in the
250 production of entertainment products, including multimedia products,
251 or as part of the airing, display or provision of live entertainment for
252 stage or broadcast, including support services such as set
253 manufacturers, scenery makers, sound and video equipment providers
254 and manufacturers, stage and screen writers, providers of capital for
255 the entertainment industry and agents for talent, writers, producers
256 and music properties and technological infrastructure support
257 including, but not limited to, fiber optics, necessary to support
258 multimedia and other entertainment formats, except entertainment
259 provided by or shown at a gambling or gaming facility or a facility
260 whose primary business is the sale or serving of alcoholic beverages.

261 Sec. 6. Section 32-9s of the general statutes, as amended by section 7
262 of public act 10-98, is repealed and the following is substituted in lieu
263 thereof (*Effective October 1, 2012*):

264 The state shall make an annual grant payment to each municipality,
265 to each district, as defined in section 7-325, which is located in a
266 distressed municipality, targeted investment community, enterprise

267 zone or municipality within [the] an airport development zone
268 established pursuant to section 32-75d, as amended by this act, and to
269 each special services district created pursuant to chapter 105a which is
270 located in a distressed municipality, targeted investment community
271 or enterprise zone in the amount of fifty per cent of the amount of that
272 tax revenue which the municipality or district would have received
273 except for the provisions of subdivisions (59) and (60) of section 12-81,
274 as amended by this act, or subdivision (70) of said section 12-81. On or
275 before the first day of August of each year, each municipality and
276 district shall file a claim with the Secretary of the Office of Policy and
277 Management for the amount of such grant payment to which such
278 municipality or district is entitled under this section. The claim shall be
279 made on forms prescribed by the secretary and shall be accompanied
280 by such supporting information as the secretary may require. Any
281 municipality or district which neglects to transmit to the secretary such
282 claim and supporting documentation as required by this section shall
283 forfeit two hundred fifty dollars to the state, provided the secretary
284 may waive such forfeiture in accordance with procedures and
285 standards adopted by regulation in accordance with chapter 54. The
286 secretary shall review each such claim as provided in section 12-120b.
287 Any claimant aggrieved by the results of the secretary's review shall
288 have the rights of appeal as set forth in section 12-120b. The secretary
289 shall, on or before the December fifteenth next succeeding the deadline
290 for the receipt of such claims, certify to the Comptroller the amount
291 due under this section, including any modification of such claim made
292 prior to December fifteenth, to each municipality or district which has
293 made a claim under the provisions of this section. The Comptroller
294 shall draw an order on the Treasurer on or before the fifth business
295 day following December fifteenth, and the Treasurer shall pay the
296 amount thereof to each such municipality or district on or before the
297 following December thirty-first. If any modification is made as the
298 result of the provisions of this section on or after the December first
299 following the date on which the municipality or district has provided
300 the amount of tax revenue in question, any adjustment to the amount
301 due to any municipality or district for the period for which such

302 modification was made shall be made in the next payment the
303 Treasurer shall make to such municipality or district pursuant to this
304 section. In the fiscal year commencing July 1, 2003, and in each fiscal
305 year thereafter, the amount of the grant payable to each municipality
306 and district in accordance with this section shall be reduced
307 proportionately in the event that the total amount of the grants
308 payable to all municipalities and districts exceeds the amount
309 appropriated.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>October 1, 2012</i>	32-75d
Sec. 2	<i>October 1, 2012</i>	12-81(59)(c)
Sec. 3	<i>October 1, 2012</i>	12-81(60)(c)
Sec. 4	<i>October 1, 2012</i>	32-9p(d)
Sec. 5	<i>October 1, 2012</i>	32-9r(a)
Sec. 6	<i>October 1, 2012</i>	32-9s

Statement of Legislative Commissioners:

Throughout sections 4, 5 and 6, "as amended by this act" was inserted for clarity and conformity with drafting conventions, and the title was adjusted for clarity.

CE *Joint Favorable Subst.-LCO*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 12 \$	FY 13 \$
Department of Revenue Services	GF - Revenue Loss	None	75,000-175,000

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 12 \$	FY 13 \$
Oxford	Grand List Expansion	Potential	Potential
Various Municipalities	Revenue Loss	None	None

Explanation

The bill extends certain tax exemptions and corporation business tax credits to a newly established Oxford airport development zone. This is estimated to result in 1) a revenue loss to the General Fund of \$75,000-\$175,000 in FY 13 and \$100,000-\$200,000 annually thereafter; 2) a potential grand list expansion for the town of Oxford; and 3) a potential revenue loss to various municipalities beginning in FY 14.

The General Fund revenue loss is due to the extension of certain enterprise zone corporation tax credits to the Oxford airport development zone, and is based on enterprise zone tax credit utilization data from the past three fiscal years. To the extent that these financial incentives result in economic development that otherwise would not have occurred, the revenue loss could be off-set by additional tax revenue from the creation of new or the expansion of existing businesses.

Additionally, to the extent that enactment of the bill encourages

development by eligible businesses within Oxford, a potential grand list expansion will result. A temporary (generally five years) eighty percent (80%) exemption would be applied to the assessed value of any improvements and/or machinery and equipment purchases.

The Out Years

State Impact:

Agency Affected	Fund-Effect	FY 14 \$	FY 15 \$	FY 16 \$
Department of Revenue Services	GF - Revenue Loss	100,000-200,000	100,000-200,000	100,000-200,000

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 14 \$	FY 15 \$	FY 16 \$
Oxford	Revenue Impact	Potential	Potential	Potential
Various Municipalities	Revenue Loss	Potential	Potential	Potential

The annualized revenue loss and potential grand list expansion identified above would continue into the future.

Additionally, the state reimburses municipalities up to 50% of the tax loss for facility improvements and machinery and equipment purchases for five years through the Distressed Municipalities grant administered by the Office of Policy and Management beginning in FY 14. If the appropriation is insufficient to fully fund the Distressed Municipalities grant, all payments are reduced on a pro rata basis, thus there is no cost to the state, though this may result in reduced grants to other municipalities.

Sources: Department of Revenue Services Fiscal Year 2010, 2009, and 2008 Annual Reports

OLR Bill Analysis**sHB 6529*****AN ACT PROMOTING ECONOMIC DEVELOPMENT IN THE AREA SURROUNDING OXFORD AIRPORT.*****SUMMARY:**

PA 10-98 created a development zone around Bradley International Airport and extended enterprise zone property tax exemptions and corporation business tax credits to manufacturers and other specified businesses that develop or acquire property in the zone. The zone, called the Bradley Airport Development Zone (BADZ), encompassed specified census blocks in East Granby, Suffield, Windsor, and Windsor Locks. The act also designated those census blocks as “distressed municipalities,” thus qualifying projects in the zone for state funds under different programs.

This bill makes the town of Oxford an airport development zone. It extends to Oxford the same tax exemptions and corporation business tax credits that apply to the Bradley zone. But the bill does not extend to Oxford any benefits related to distressed municipality designation, as the bill does not designate Oxford as a distressed municipality.

EFFECTIVE DATE: October 1, 2012

AIRPORT DEVELOPMENT ZONE PROPERTY TAX EXEMPTIONS AND CORPORATION BUSINESS TAX CREDITS***Eligible Business Facilities***

PA 10-98 extended the existing enterprise zone property tax exemptions and corporation business tax credits to the BADZ, but for a narrower range of businesses. The bill extends these same exemptions and credits to Oxford.

As under the enterprise zone program, a business qualifies for these

tax incentives based on the facility's condition and use. The business must have (1) constructed, substantially renovated, or expanded the facility or (2) acquired it from an unrelated seller after it was idle for at least a year, although the Department of Economic and Community Development (DECD) may waive the idleness requirement in specified circumstances.

The business qualifies for the exemption if it uses the facility for manufacturing, warehousing and motor freight distribution, and certain business services. As under the enterprise zone program, manufacturing includes:

1. manufacturing, processing, or assembling raw materials, parts, and manufactured products;
2. performing manufacturing related research and development; and
3. significantly servicing, overhauling, or rebuilding machinery and equipment for industrial uses.

Warehousing and motor freight distribution facilities qualify for the exemption, but only if they handle goods shipped by air. Those facilities located in an enterprise zone qualify for the exemption without qualification.

Facilities housing business services, including information technology, also qualify for the incentives if the DECD commissioner determines they depend upon or are directly related to the airport. Certain facilities are excluded, such as those housing car dealerships and retailers. Facilities in the enterprise zones that house a wide range of services qualify for the incentives. These include financial and health services, and telemarketing or engineering, accounting, research, management, and related services.

Property Tax Exemptions

PA 10-98 extended the enterprise zone tax exemptions for real and

personal property to eligible businesses in the BADZ. The bill also extends these exemptions to Oxford. Businesses that construct, renovate, or expand a facility qualify for an exemption based on the facility's value. The exemption equals 80% of the improvement's assessed value, and it is generally good for five years. Businesses acquiring facilities also qualify for the same five-year exemption, which is based on the assessed value of the acquired facility.

As under the enterprise zone program, non-manufacturing businesses developing or acquiring a facility in an airport development zone also qualify for a five-year, 80% exemption on the assessed value of machinery and equipment they install in the facility as part of its development or acquisition. (The law exempts all manufacturers from paying property taxes on new and existing machinery and equipment.)

The exemptions represent property tax revenues the municipalities forgo. As under the enterprise zone law, the state must reimburse the municipalities for half of the forgone revenue.

The enterprise zone program's administrative processes are used to administer the property tax exemptions and the state reimbursements. Thus, a business must apply to DECD for a certificate certifying that the facility qualifies for the exemption. It must annually file for the exemption by November 1 with the municipality's tax assessor. It waives its right to do so if it misses this deadline, unless it is granted an extension as the law allows.

To receive reimbursements, a municipality must submit its claims to the Office of Policy and Management secretary by August 1 annually as the law provides. The secretary must certify the claim to the comptroller by December 15. The comptroller has five business days to issue the order directing the treasurer to pay the claim. The treasurer has until December 31 to do so.

Corporation Business Tax Credits. PA 10-98 also extended the enterprise zone's corporation business tax credits to the BADZ. The bill extends these same credits to Oxford. Under the enterprise zone

program, businesses that qualify for the property tax exemptions also qualify for a 10-year corporation business tax credit equal to the portion of the tax attributable to the facility. (The law specifies how businesses must calculate that amount.) The credit equals 25% of the tax.

Businesses qualify for the credit under similar terms and conditions as businesses in the enterprise zone.

DISTRESSED MUNICIPALITY

The law provides that a distressed municipality includes “the portion of any municipality that contains the airport development zone established pursuant to” the statute creating the BADZ. The bill does not change this provision, but changes other sections of the statutes which refer to “the airport development zone” to instead refer to “an airport development zone.” Thus, it appears that the bill does not designate Oxford as a distressed municipality (see Related Bill below).

BACKGROUND

Related Bill

sSB 1066, reported favorably by the Commerce Committee, removes the distressed municipality designation from the census tracts that comprise the Bradley Airport Development Zone.

COMMITTEE ACTION

Commerce Committee

Joint Favorable

Yea 19 Nay 0 (03/22/2011)